

INCOTERMS® 2020

What are Incoterms®?

Incoterms® rules provide a specific guide to all importers and exporters of their obligations, costs and risks involved in the transportation of goods.

On January 1st 2020, the International Chamber of Commerce (ICC) issued the new Incoterms® 2020 rules that are the new terms of international trade for sale of goods.

Incoterms® 2020 outlines the differences between Incoterms 2010 and how to best use the new rules within your contract of sale with a clear explanation of each rule.

What are the main changes?

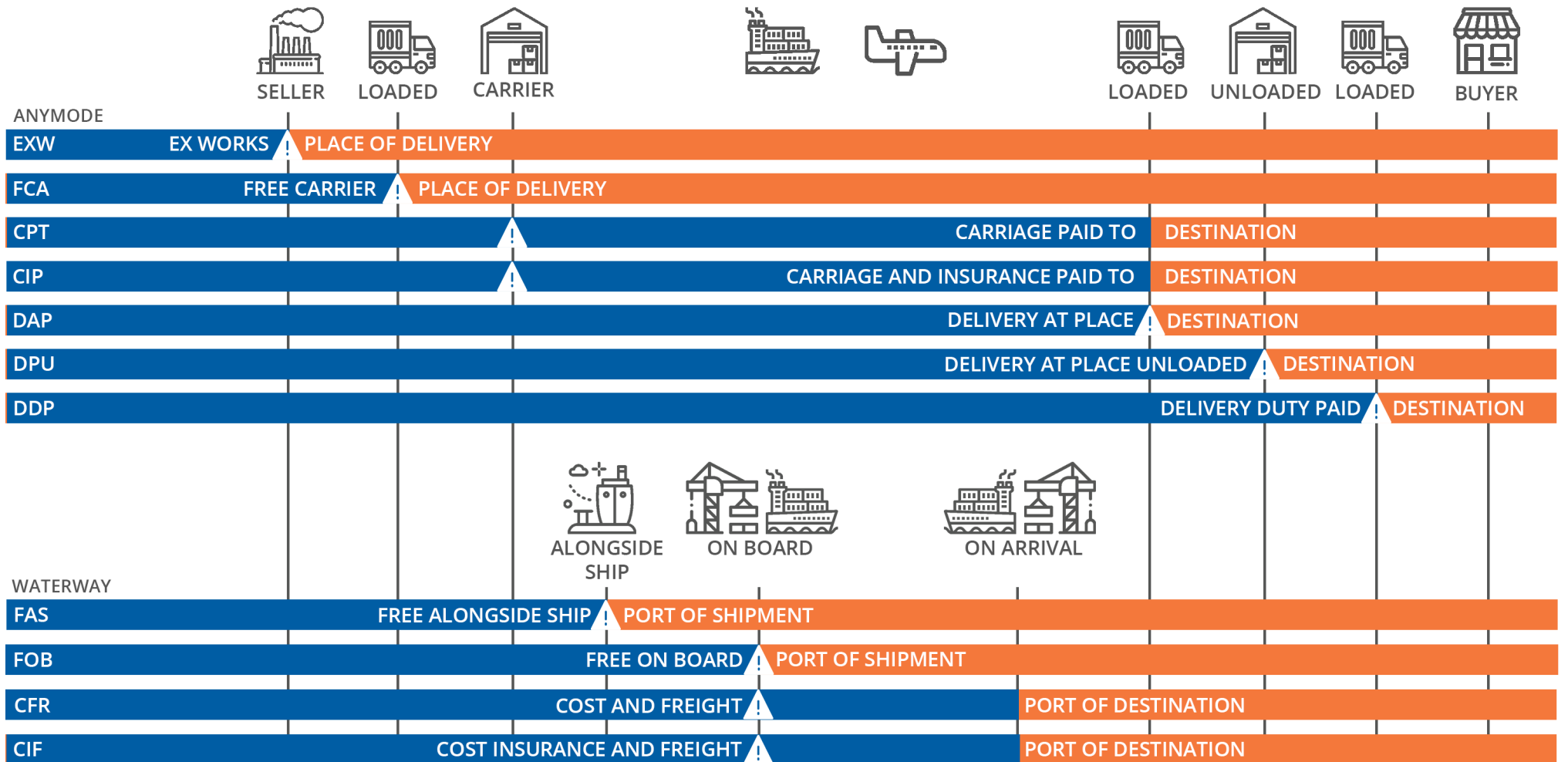
- DAT term changed to DPU. This allows the place of destination to be any place. Under DAP the seller is not required to unload the goods but under DPU the seller is required to unload the goods.
- Incoterms® 2020 has revised where goods are sold FCA by sea that buyer or seller request a Bill Of Lading and an on-board notation. The buyer will instruct the carrier to issue a Bill Of Lading to the seller once the goods have been loaded on board, then the seller will tender this document to the buyer.
- Incoterms® 2020 allows for different levels of insurance coverage in CIP and CIF. The Institute Cargo Clauses (C) remains as the default level of coverage in CIF. CIP requires a higher level of coverage. This rule requires the seller to take out maximum insurance cover under Institute Cargo Clauses (A) or similar, for the buyer's risk. The seller must give the buyer any insurance document the buyer will need in case it must claim under that insurance.
- A new section of cost has been included. Incoterms® 2020 includes a full list of expected costs at a glance as well as listing associated costs per item to allow for users to look at specific aspects of the sale transaction.
- Incoterms® 2020 also recognises that not all sales transactions use a third-party carrier. The seller can use their own transportation or the buyer can collect goods using their own transportation.
- Incoterms® 2020 includes clearer and more detailed security obligations on carriage and export/import clearance also listing costs relating to these requirements.

For full version and details of Incoterms® 2020, refer to www.iccwbo.org



FJT LOGISTICS
Your Freight Solutions Partner

INCOTERMS® 2020



EXW: Ex Works
 FCA: Free Carrier
 FAS: Free Alongside Ship
 FOB: Free on Board
 CFR: Cost and Freight
 CIF: Cost Insurance and Freight

CPT: Carriage Paid to
 CIP: Carriage and Insurance Paid to
 DAP: Delivered at Place
 DPU: Delivered at Place Unloaded
 DDP: Delivered Duty Paid
 DAT: Delivered at Terminal

■ SELLER COST ■ BUYER COST ▲ TRANSFER OF RISK